



The President's Daily Brief

October 21, 1975

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ISRAEL-SYRIA

Uncertainty is growing in Israel over whether Syria intends to renew the UN observer force's mandate on the Golan when it expires on November 30. The government's top leaders--Prime Minister Rabin, Defense Minister Peres, and Foreign Minister Allon--all focused on the issue last week, emphasizing Israel's willingness to negotiate, while expressing confidence in its ability to handle any Syrian military attack.

Foreign Minister Allon warned that Syria might try "brinkmanship psychology" as the deadline for renewal of the UN mandate approaches. Israel, he cautioned, must remain alert without becoming nervous so as not to play the Syrians' game.

With this apparently in mind, Tel Aviv has denied press reports that it is building up its forces on the Golan and offered a quick apology for an incident last week in which two Syrian shepherds were killed by an Israeli patrol after crossing the disengagement line into Israeli-held territory. Israeli officials also have sought to play down the possible military implications of the reported evacuation early this month of some Syrian villagers on the southern Golan, contending it may have been due to an outbreak of cholera in Syria.

[redacted] it is still too early for a possible build-up in connection with the expiration of the UN mandate. In any case, the [redacted] that the outbreak of total war on the Golan is unlikely. A limited war is possible, however, perhaps in the form of a war of attrition, increased fedayeen attacks, or short, limited military thrusts at a specific objective such as Mt. Hermon.

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Tel Aviv is taking additional military precautions. [redacted] that no senior Israeli officers will be allowed to be absent from their units at the end of November. A regular parachute brigade will also return to the Golan before the end of October after completing training in the Sinai. Our embassy believes these younger, freshly trained regular troops will replace reservists now serving on the Golan.

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A Syrian military spokesman announced yesterday that Syrian forces clashed with an Israeli patrol earlier in the day on the Golan Heights. The clash reportedly occurred some seven miles northeast of Al Qunaytirah in the same area where the two Syrian shepherds were killed last week. Damascus claims that four Israelis were hit in yesterday's incident and that no Syrians were hurt.

Tel Aviv so far has played down the incident.

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LEBANON

Scattered incidents occurred last night in Beirut, but there was no resumption of the heavy fighting that erupted Sunday night.

Commercial activity again was at a standstill yesterday as barricades went back up in many areas of Beirut. The fighting on Sunday night, which for the first time spread to the Ras Beirut area in the western part of the capital where Americans live, apparently began between predominantly Sunni Muslim residents of the area and Christians. While it is not clear who started the incident, our embassy reports that it has second-hand information that Lebanese Communist Party members were preparing for battle as early as Sunday morning.

On the political front, there is still no progress toward an agreement to end the fighting. The meeting of the political reform subcommittee of the National Dialogue Committee has been postponed until Wednesday because of the security situation. The Lebanese parliament is scheduled to meet today, but it is rumored that Kamal Jumblatt will boycott the session, possibly indicating a developing split between Shia Muslims and leftists. In any case, the politically impotent parliament is not likely to have much success in finding a solution.

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TURKEY

Foreign Minister Caglayangil told Ambassador Macomber yesterday that Ankara will be ready within a week to resume negotiations on the Turkish-US defense relationship and that now is a good time to seek a solution to the Cyprus problem.

The foreign minister added, however, that US bases in Turkey cannot be reactivated until basic problems are resolved and an interim agreement is reached. He said Ankara has set a target of 45 days for concluding the agreement. The ambassador doubts that this is time enough.

Caglayangil said the decision to resume talks with the US was reached during a six-hour meeting of the Turkish National Security Council and that it is in response to the partial lifting of the US arms embargo. He added, however, that there could be a "disillusioning result" if deliveries of the \$184-million worth of equipment for which Turkey has contracted are long delayed.

Regarding Cyprus, Caglayangil said Ankara has decided to encourage Turkish Cypriots to begin discussions toward a solution. He added that he could not say now how much territory Turkey might be willing to give up on Cyprus, but that it is ready to discuss this and other issues in one package with the Greeks.

He summed up by saying that Turkey envisions a two-step process in which the Cypriot communities "under the tutelage" of the mainland Turks and Greeks would reach an agreement, and then Greece and Turkey would work out guarantees. He asked the US to convey these views to Athens.

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Libya [redacted]
[redacted] Soviet [redacted] Algeria [redacted]
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POLAND

As Edward Gierek prepares for his party's congress in December, he faces the most serious challenge to his political skills since the early months after he came to power. The volatile and demanding Polish people are increasingly restive over sporadic meat shortages and over prospective increases in food prices that they believe will lower their standard of living. The current leadership probably has both the means and the political acumen to avoid the mistakes that toppled the Gomulka regime in 1970, but as our embassy in Warsaw reports, a "spark in the right place" could have serious consequences.

The Current Situation

Popular exasperation is reflected in widespread complaints about meat shortages and the feverish circulation of rumors--some of which seem to have substance--about strikes, dissent within the leadership, arson, and other acts of dissidence.

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Polish officials admit that the people are in a bad mood, and they are trying to stamp out the rumors.

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The discontent is basically an outgrowth of rising popular expectations and a scarcity of high-quality consumer goods. In 1970, Gierek promised a better standard of living, and he has made good. In his first four years, personal consumption increased rapidly--averaging 10.7 percent a year--as a result of a 60-percent increase in real income and sharp rises in supplies of consumer goods. Meat consumption rose from 117 pounds per capita in 1970

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to 145 pounds in 1974. Consumption of pork--the meat most Poles prefer--was up more than 28 percent between 1971 and 1974.

Despite these advances, Warsaw has been unable to provide enough attractive consumer goods to soak up the excess purchasing power generated by Gierek's wage policy. Housing has been a major problem. In the 1971-75 plan period, 1.1 million dwellings were built and Warsaw has promised 1.5 million more by 1980. Gierek, who has publicly admitted that this number is insufficient, has said that no more can be built. Cars, quality furniture, and other popular items are also in short supply.

Much of the increased purchasing power can therefore only be saved or used to purchase food at artificially low prices. The resultant demand for food has regularly outstripped supply and has led to periodic outbursts of discontent. Last spring, for example, a meat shortage during Lent touched off numerous minor disturbances.

The regime is now struggling to bring the supply of food and meat into line with demand. The recent attempts to boost meat supplies by raising procurement prices and reducing exports are, however, only stop-gap measures.

The problem has predictably produced a split between economists and politicians. The former believe that food prices must be raised to channel excess demand to consumer durables and away from heavily subsidized food products. Party leaders, fearful that price increases on basic foodstuffs would create political instability, have tried to postpone any decision.

Meanwhile, the leadership has been trying to convince the people that price increases on food and other commodities are essential. For several months, Polish officials have fanned out to spread news about this year's bad harvest and to condition the public for food price hikes. The leadership has emphasized that Poland is "not an island in the sea of inflation," and that the subsidies to farmers and the food industry necessary to maintain low prices are increasingly straining the state budget.

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*FOR THE PRESIDENT ONLY*Gierek's Economic Options

Gierek's options are limited essentially to the timing and extent of the price increases. The regime could extend the price freeze on basic foodstuffs into 1976, while sharply increasing prices on other popular items--such as alcoholic beverages--to control purchasing power. This action, however, would do nothing to eliminate the recurrent problem of food and meat shortages.

If, as seems increasingly likely, the leadership decides to boost the prices of food and other consumer goods, Warsaw will almost certainly avoid announcing the decision until after the Christmas holidays. In the interim, the regime will seek to mollify the public by ensuring that stores have adequate supplies of meat. Polish leaders vividly remember December 1970, when widespread rioting in the wake of food price hikes helped to topple the Gomulka regime.

To have any impact on demand, price hikes will have to be substantial. Unlike Gomulka's massive one-shot increase, however, Gierek may well decide to increase prices in steps over a period of time. He will probably offer the workers some concessions, such as increased wages and reduced prices on some consumer durables, to compensate in part for the overall price increases. Popular reaction will be negative, however, no matter when, and by how much, prices are increased, and public disturbances like those of last spring could result.

1970 Revisited?

While there are strong similarities to the situation in 1970, there are also important differences. One of these is the ruling style of the Gierek team. Unlike the cold and aloof Gomulka, Gierek has been careful not to isolate himself from the people or from other party leaders. Since September he has spent considerable time visiting mines, factories, and farms, taking the public's pulse and reminding his fellow citizens that they have never had it so good. Media coverage of these events has been thorough and remarkably frank in reporting Gierek's answers to some very tough questions. The Poles are

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being told that price hikes cannot be avoided indefinitely, that some food shortages will continue, and that some problems are not susceptible to immediate solution.

In addition, the Gierek team is not factionalized as was the Gomulka leadership. While there are undoubtedly differences of opinion over policy issues, no one seems to covet Gierek's mantle. Gierek seems to enjoy a good measure of popularity and trust, based both on his accomplishments and on his judicious use of the police in the current difficult times. The population is keenly aware, however, that he is perfectly capable of using an iron hand should circumstances warrant.

We believe that Gierek now is in a stronger position than was Gomulka in 1970 and that he thus probably will weather the storm. Other members of his team could be dropped either because of economic failings or political maneuvering.

The Soviet Angle

As always in Eastern Europe, the Soviet role will be important. Gierek has always had the strong backing of the Soviet leadership because he has brought political stability to Poland.

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Moscow has several options for dealing with any problems in Poland. It could, as it did in 1971, come to Gierek's aid with hard-currency loans to finance meat and consumer goods imports. Soviet-owned banks in the West have granted Poland a \$100-million loan to buy wheat, in addition to the hard-currency credits promised when Moscow suspended grain shipments to Poland earlier this year. This will probably not suffice, and Moscow may be tapped for further loans.

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If Moscow becomes more seriously concerned about Polish economic policies, it could attempt to use its economic power to effect changes. But this would require very delicate handling because Warsaw has based its consumer-oriented programs on increased trade with the West, and any reversal of the pattern would exacerbate the problems it faces. Moscow presumably wants to avoid this situation.

Particularly in the event of widespread disturbances, Moscow could withdraw its support from Gierek and turn to another member of the Polish leadership. [REDACTED]

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[REDACTED] Latent Polish nationalism could easily cause any heavy-handed Soviet push for a leadership change to backfire.

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As the very last resort, the Kremlin could launch a massive military intervention. We believe that the Soviets would consider this option only if the Polish party, government, and military clearly showed they were unable to preserve the leading role of the party and to control the population.

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